UNITED NATIONS

A

General Assembly

Distr.
GENERAL

A/47/373
27 August 1992

ORIGINAL: ENGLISH

Forty-seventh session
Item 111 of the provisional agenda*

JOINT INSPECTION UNIT

Implementation of the recommendations of the Joint Inspection Unit

Report of the Secretary-General

The General Assembly, at its twenty-seventh session, requested the Secretary-General to submit annually to the Assembly a succinct report on those major recommendations of the Joint Inspection Unit affecting the United Nations which had not been implemented, together with the reasons therefor. At its thirty-second session, the Assembly adopted resolution 32/199 of 21 December 1987, in which it decided that future reports of the Secretary-General on implementation of the recommendations of the Unit should provide concise information only with regard to those reports which have been indicated by it to be of interest to the Assembly, one of its Main Committees or its other subsidiary organs. Further, in its resolution 42/218 of 21 December 1987, the Assembly requested all bodies of the United Nations system to examine closely those reports of the Joint Inspection Unit which were within their respective areas of competence and to comment, as appropriate, on the recommendations contained therein. The General Assembly has also, in its resolution 44/184 of 19 December 1989, requested the Secretary-General to standardize the format of his reports relating to the work and recommendations of the Joint Inspection Unit in order to include therein the recommendations of the Unit and any decisions of the Assembly and other governing bodies, before making his comments. In addition, the Assembly urged the Secretary-General, in preparing his report, and the Unit, in preparing its annual report, to coordinate their efforts in order to present to the Assembly the maximum possible information on implementation of the recommendations of the Unit. The present report is submitted in accordance with those decisions, and includes detailed information on the status of implementation of the recommendations contained in two reports of the Joint Inspection Unit.

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I. REVIEW OF THE USE OF EQUIPMENT PROVIDED TO TECHNICAL COOPERATION PROJECTS IN DEVELOPING COUNTRIES

1. A report on this subject was submitted to the Economic and Social Council at its second regular session of 1989 (see E/1989/7). The report contained, in addition to its conclusions, six recommendations addressed to organizations and agencies of the United Nations system responsible for the execution of technical cooperation projects in developing countries. The related comments of the Administrative Committee on Coordination (ACC) were transmitted to the Economic and Social Council in document E/1989/7/Add.1. At its second regular session of 1989, the Economic and Social Council considered the report in connection with the question of operational activities for development and in its decision 1989/189 took note of the report.

A. Project formulation

Recommendation 1: Projects which make use of substantial equipment should receive preparatory assistance. During this phase, the executing agencies should make a particular point, from the outset, of associating procurement services, experts and national counterpart staff in the identification of needs and the definition of specifications for equipment. This would also enable rational budgets to be drawn up and, above all, timely purchases and deliveries to be planned.

2. The organizations concerned fully supported this recommendation and stated that the actions proposed in it had been generally adhered to for some time. Recourse to preparatory assistance for complex projects often requiring an important equipment component has increased significantly since the JIU report was written.

3. To facilitate increased procurement from the developing countries and underutilized major donor countries, the Inter-Agency Procurement Services Office (IAPSO) has developed country-specific catalogues and a computerized database, in cooperation with various organizations of the United Nations system and the focal point, normally the Chamber of Commerce in the concerned country. These catalogues provide an overview of the country's capacity to provide products and services to projects funded by the United Nations system. The reference to these catalogues during the project formulation stage will facilitate increased procurement from target countries as well as proper planning of budget estimates and delivery schedules.

4. It has been generally observed that equipment is often supplied without much emphasis on after-sales services and country standards, which leads to higher training and maintenance costs. To redress this problem, mainly regarding the so-called common user items, IAPSO has developed product-specific catalogues to standardize products such as motor vehicles and office equipment. During 1992, IAPSO is planning to use an additional range of products in a catalogue covering emergency relief items.

5. At the same time, the organizations agreed that more attention should be given to this important area and emphasized, in particular, the necessity to associate national counterpart staff in the identification of needs and the specification of the required equipment, first of all, in developing countries moving to national execution.

B. Financial rules

Recommendation 2 (a): Agencies should, individually or in concert, make an effort to adapt existing financial rules to the new realities of the situation, and in particular to the execution of technical assistance projects.

6. This recommendation is being implemented by the organizations concerned as part of their efforts to find a more flexible approach to the current rules and regulations. Some financial rules of the agencies executing technical assistance projects have been changed during the last few years. In particular, the limit on purchases which do not require approval from the United Nations Headquarters Committee on Contracts, has been raised from $40,000 to $70,000, and the limit on local purchases which do not require a competitive bidding process supervised by Headquarters has been raised from $5,000 to $20,000. The executing organizations are closely cooperating to achieve greater flexibility in this area and to adapt existing financial rules to the new realities of the situation.

Recommendation 2 (b): UNDP, and donors in general, should take into account the actual capabilities of States; changes should be introduced in policy, and in procedure, so as to enable the counterpart contribution of certain States (the poorest) to be taken over in the future by international assistance. Failing such action, project execution would be seriously handicapped.

7. In the implementation of this recommendation, the UNDP field officers try to take into account the actual capabilities of countries and to find a more flexible approach to the counterpart obligations, especially of poorer developing countries. The counterpart contributions of recipient countries with non-convertible currencies are often limited to provision of inputs in kind and payment of national counterpart staff.

8. Where lack of financial resources hinders rehabilitation of project premises provided by a Government, the project quite often takes over such costs. However, decisions by Governments to make the necessary project premises available may take time, and quite often projects may be forced to start operations with temporary arrangements under less-than-optimal conditions.

9. Since the provision of equipment is a non-recurrent local cost on projects, there is a greater justification for UNDP to cover these costs where the recipient Government is unable to do so. Such an approach, in most cases,

would not bring into question the sustainability of project activities as would be the case with recurring local costs.

C. Project budgets

Recommendation 3 (a): [Budgets should include:] Provision for the supply of spare parts while the project is under way and for a certain period after it has ended. The rules for the use of the funds in question may be defined; but generally speaking they should be placed under the responsibility of the executing agency during the project and under that of the resident representative after the project.

10. The organizations concerned have generally closely followed the principle that there must be provision for sufficient spare parts not only during the project's lifetime but also for a certain time beyond. This recommendation has been by and large applied in field offices in Africa. The provision for the supply of spare parts is becoming more frequent, but very often it is limited mainly to the provision of project vehicles.

Recommendation 3 (b): [Budgets should include:] An increase in the percentage generally set aside for training, especially when the maintenance and survival of important equipment are dependent upon such training.

Recommendation 3 (c): [Budgets should include:] Provision for depreciation of the reference currency in the budget and, in the event of very substantial depreciation, complete readjustment of the budget.

11. The organizations concerned observe that the maintenance training, as well as the depreciation of the reference currency, are still a rare provision in project documents and budgets. However, the budget revisions are dealing with this problem in cases of particular need. It is recognized that the currency depreciation problem exists for both United States dollars and national currencies. At the same time, some executing organizations believe that, in order for these recommendations to be properly implemented, a clear distinction should be made between the servicing and repair of equipment, as far as the latter work is quite different from the skills required in using the equipment.

D. Training

Recommendation 4: UNDP must ensure that the executing agency implements to the letter the training programme provided for in the project document (award of fellowship for courses abroad and courses in the country), to the extent that the Government concerned has fulfilled its obligation to supply candidates

12. This recommendation is followed by the United Nations Development Programme (UNDP) field offices to the extent that the recipient Governments

nominate qualified candidates. The executing agencies are generally assigning high priority to the implementation, as fully as possible, of the training required to achieve the project objectives. However, some organizations concerned feel that the recommendation as worded does not address the evolving nature of training needs, which requires that there be some extent of flexibility to adjust the training programme provided for in the project document. In this regard, the organizations try to make such adjustments as needed.

E. Disposal of equipment

Recommendation 5: We recommend to UNDP and all the organizations in the system that a clause be introduced requiring a technical appraisal of all items of technical, scientific and logistic equipment of a project before they are handed over to the Government at the end of the project. This technical appraisal should be performed by project staff and should constitute, locally, an assessment of the operational conditions under which this equipment is being transferred. This should be endorsed later by the final evaluation team.

13. The organizations concerned support this recommendation and follow it in their practice. However, it should be noted, that the technical appraisal of all the project equipment and operational conditions under which the equipment is transferred to the Government, is usually carried out in the broader context of the assessment of project results at the end of a project by the final tripartite review team involving the Government, the UNDP resident representative and the executing agency. The undertaking of a specific preliminary technical appraisal at the end of the project as suggested in the recommendation might be inefficient as this would require additional financial and human resources.

14. It should also be borne in mind that there are no provisions for the repair of equipment before handing it over to the Government. Inability of Governments to repair worn-out or broken-down equipment usually becomes evident only towards the end of a project when it is often difficult to find the funds required for repair. This situation is particularly difficult in recipient countries with non-convertible currencies. However, when specifically requested by a Government through a field office, UNDP Headquarters usually authorizes acceptance of payment in national non-convertible currency for purchase of equipment components or spare parts.

F. Instruction manuals

Recommendation 6: In order to facilitate installation, use, repairs and maintenance, the agencies should work on the preparation of standard handbooks for specific work areas and for the most common types of equipment. In conjunction with this action, major suppliers should be requested to prepare instruction booklets and to translate them into several languages.

15. The organizations concerned support in general the idea of the preparation of standard handbooks for work areas and commonly used types of equipment and have undertaken definite efforts in this field. Nevertheless, some of them still believe that this work should not be the responsibility of the agencies, but rather of local suppliers, and that such handbooks should be translated into local languages, as needed.

II. EVALUATION OF THE REGIONAL PROJECT RLA/79/031: PROGRAMME ON JOINT STUDIES ON LATIN AMERICAN ECONOMIC INTEGRATION (ECIEL)

16. A report on this subject was submitted to the General Assembly at its forty-fifth session through the Economic and Social Council at its second regular session of 1990 (see A/45/77-E/1990/10). Paragraph 43 of the JIU report contains the recommendation addressed to the United Nations Development Programme (UNDP). The related comments of the Secretary-General were transmitted to the General Assembly through the Economic and Social Council in document A/45/77/Add.1-E/1990/10/Add.1. At its forty-fifth session, the General Assembly, in its decision 45/449, took note of these reports.

Recommendation: The Inspector recommends that UNDP should finance an Assembly of Representatives of the member institutions to consider: (a) the continued existence of ECIEL, whether linked or not to a government body; (b) the simplification and modernization of its structure; (c) reorientation of its work programme and changes in its types of publications.

17. The recommendation is being implemented by UNDP. Due to the shift in the economic policy in Latin America and the Caribbean, namely, the economic liberalization in the context of structural adjustment and integration both at the regional and the global levels, follow-up UNDP assistance to the economic sector has manifested itself in the form of using the capacity of the Latin American Economic Integration (ECIEL) to formulate regional technical assistance programmes in the following areas:

(a) International trade negotiations: UNDP is assisting by establishing national teams for multilateral trade negotiations, particularly for the Uruguay Round (GATT) and in formulating strategies in regional and sub-regional economic integration negotiations;

(b) Policy options for economic recovery and development: UNDP continues to provide assistance in analysing the impact of adjustment and stabilization processes and in identifying economic policy options aimed at addressing social costs of adjustment programmes.

18. Among the comments of UNDP to the Inspector's recommendations was the willingness to continue supporting ECIEL on the basis of joint financing. Given the Governing Council's decision 90/34 regarding the fifth programming cycle, the regional Indicative Planning Figures (IPF) allocation for the fifth cycle was decreased by almost 50 per cent, thus conditioning joint financing as a basis for allocating IPF resources.

19. In this context, apportionment of the limited resources is primarily being targeted to those regional institutions participating in programmes through cost-sharing or in-kind parallel allocations. In addition, the UNDP assistance to regional institutions includes the activities addressing the sustainability and self-financing concerns, as indicated in the recommendation of the JIU report.